

Commercial Bank of Qatar

Financial Results
For the quarter ended 31 March 2012

23 April 2012



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البنك التجاري
Commercial bank

Forward Looking Statements

This presentation and subsequent discussion may contain certain forward-looking statements with respect to certain plans and current goals and expectations of Commercialbank and its associated companies relating to their future financial condition and performance. These forward-looking statements do not relate only to historical or current facts but also represent Commercialbank's expectations and beliefs concerning future events. By their nature forward-looking statements involve known and unknown risks and uncertainty because they relate to future events and circumstances including a number of factors which are beyond Commercialbank's control. As a result, Commercialbank's actual future results or performance may differ materially from the plans, goals and expectations expressed or implied in such statements.

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- **Key Highlights**
- Financial Performance
- Business Performance
- Outlook

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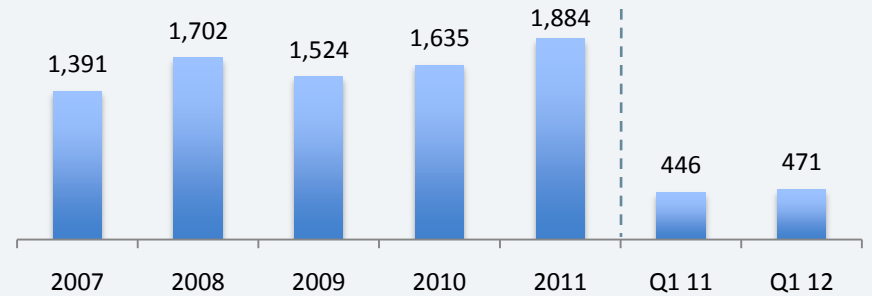
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Key Highlights – Quarter ended 31 March 2012

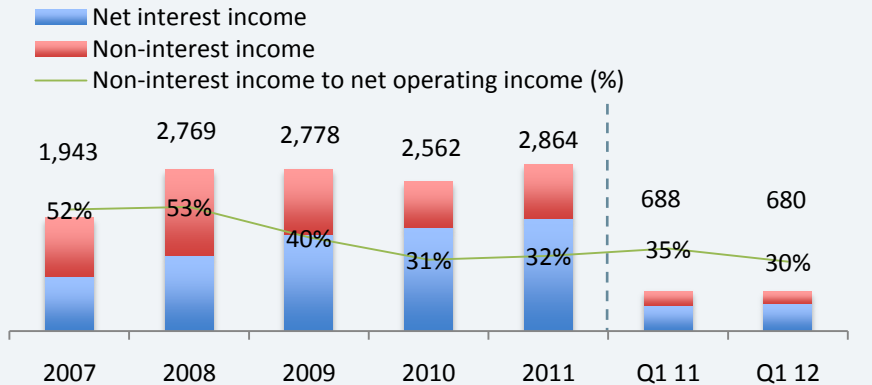
Key Highlights

- ◆ Commercialbank has made a positive start to the year
 - ◆ Strong year-on-year trends
 - ◆ Diversification of funding base
 - ◆ Balance sheet strength maintained
- ◆ Net profit of QR 471m v QR 446m in Q111
 - ◆ 6% higher than Q111, up 25% v Q411
- ◆ Focus on active balance sheet management
 - ◆ Lending up 21% to QR 42.0bn v 03'11
 - ◆ Net interest margin has contracted to 3.1%
 - ◆ Deposits up 25% to QR 38.0bn v 03'11
 - ◆ Repayment of USD 650m syndicated loan
 - ◆ Arranged USD 455m medium term club loan
 - ◆ Issued USD 500m five-year fixed rate notes in April
- ◆ Asset quality remains strong
 - ◆ Net provision for lending improved to QR 45m v QR 53m in Q111
 - ◆ NPL ratio at 1.22% v 1.20% at 12'11
- ◆ Associated banks have delivered strong growth in lending and improved profitability
- ◆ Well positioned to develop business as the year progresses

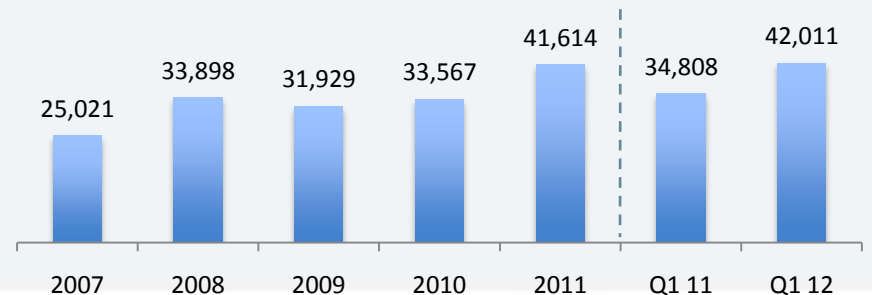
Net profit (QR million)



Net operating income (QR million)



Loans and advances to customers (QR million)



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Financial Performance – Quarter ended 31 March 2012

Profitability

QR million	Q1 2012	Q1 2011	%
Net interest income	478	445	7%
Non-interest income	202	244	(17)%
Total costs	211	206	3%
Net provisions	51	76	(33)%
Net profit	471	446	6%

Balance Sheet

QR million	31.3.12	31.3.11	%
Total assets	69,907	60,780	15%
Loans & advances	42,011	34,808	21%
Financial investments	13,001	12,355	5%
Customers' deposits	37,856	30,289	25%
Shareholders' equity	13,329	12,944	3%

Performance Ratios

	Q1 2012	Q1 2011
ROAE	13.7%	14.0%
ROAA	2.7%	2.9%
EPS (QR)	1.90	1.90
NIM	3.1%	3.6%

Capital

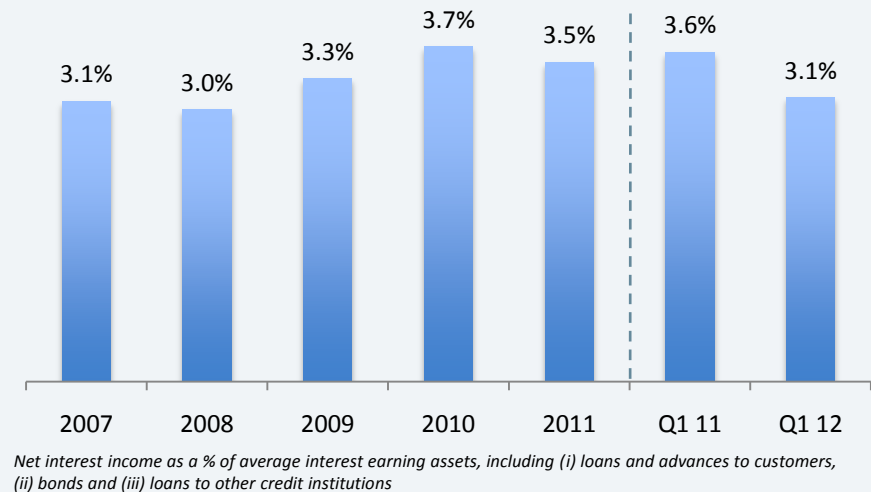
	31.3.12	31.3.11
RWA (QR million)	61,278	52,332
Tier 1 ratio	16.5%	19.0%
Total Capital ratio	18.3%	20.9%

Earnings Performance – Quarter ended 31 March 2012

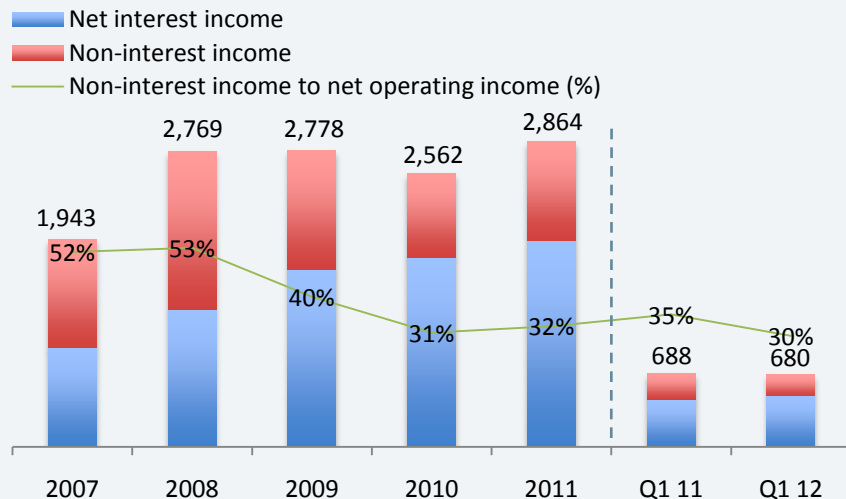
Summary

- ◆ Net interest income up to QR 478m from QR 445m in Q111
 - ◆ Strong growth in lending, up 21%
 - ◆ Net interest margin at 3.1% v 3.6% in Q111
- ◆ Non-interest income at QR 202m v QR 244m in Q111
 - ◆ Investment gains and dividend income down QR 33m
 - ◆ Fee expense up QR 13m v Q111
 - ◆ Fee income QR 176m v QR 180m in Q111, up QR 25m v Q411
- ◆ Cost to income ratio at 28.8% v 28.2% in Q111

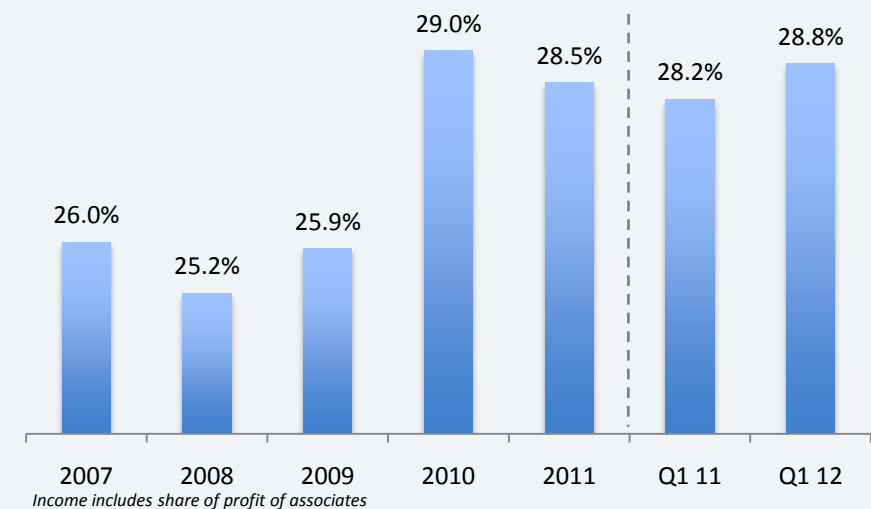
Net interest margin



Net operating income (QR million)



Cost to income ratio

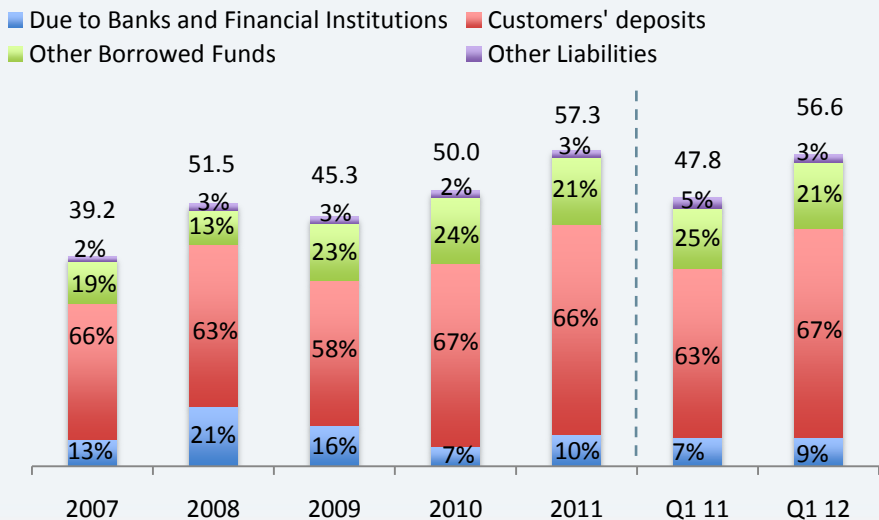


Balance Sheet Structure – 31 March 2012

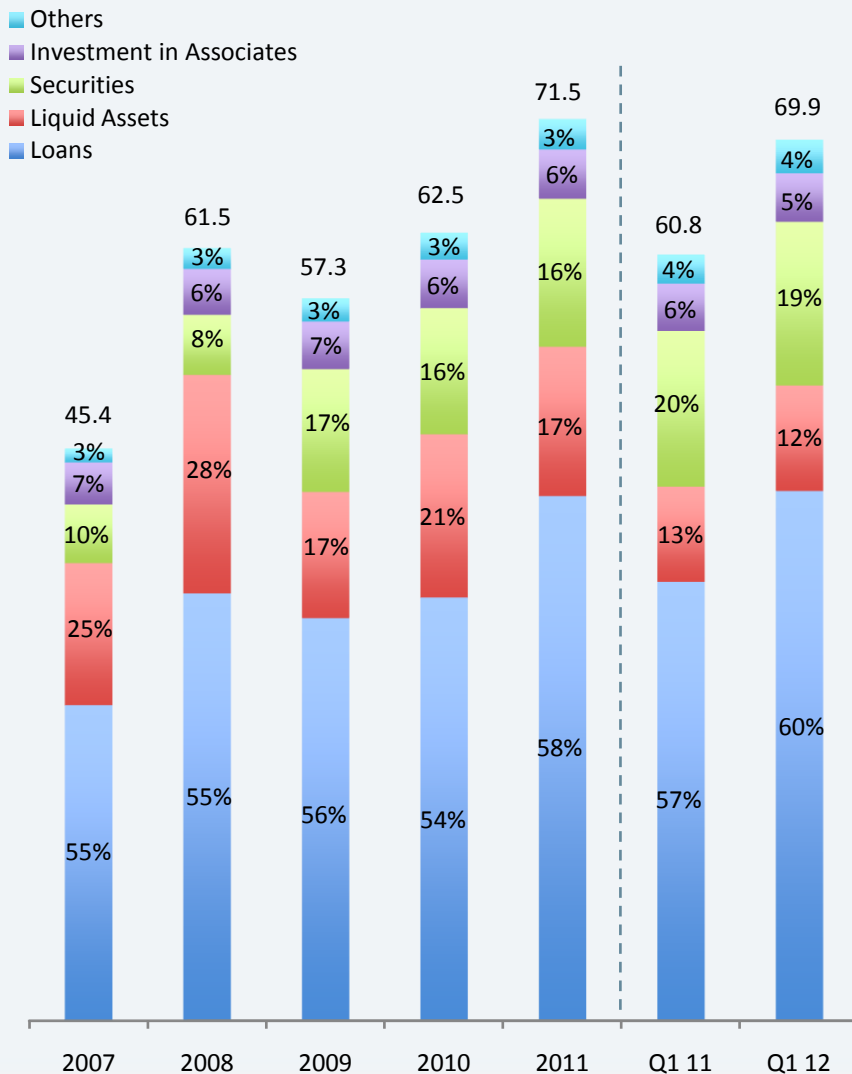
Summary

- ◆ Total assets reduced QR 1.6bn to QR 69.9bn v 12'11
 - ◆ Inter-bank placements QR 3.3bn lower; partially offset by
 - ◆ Increase in Investments of QR 1.3bn to QR 13.0bn
 - ◆ Increase in lending to customers to QR 42.0bn
- ◆ Total liabilities down QR 0.7bn to QR 56.6bn v 12'11
 - ◆ Customers' deposits maintained at QR 37.9bn v 12'11
 - ◆ Customers' deposits represent 67% of liabilities, up from 66% at 31 December 2011

Liabilities mix



Assets mix

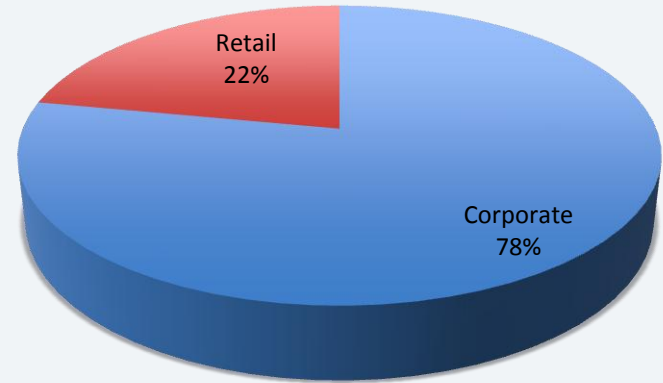


Loan Book Breakdown – 31 March 2012

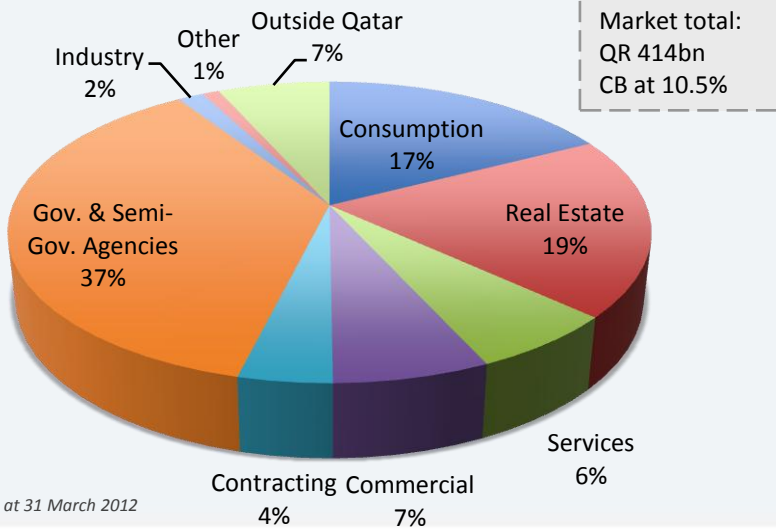
Summary

- Loans to customers were QR 42.0bn, up 21% v 03'11 and 1% v 12'11
 - Growth mainly in four industry sectors: Services, Real Estate, Contracting and Consumption
- Corporate customers represent 78% of total loan book
- Loan book diversified across industry sectors
- 93% of exposure is in Qatar
- 85% of the loan book has a maturity of more than one year

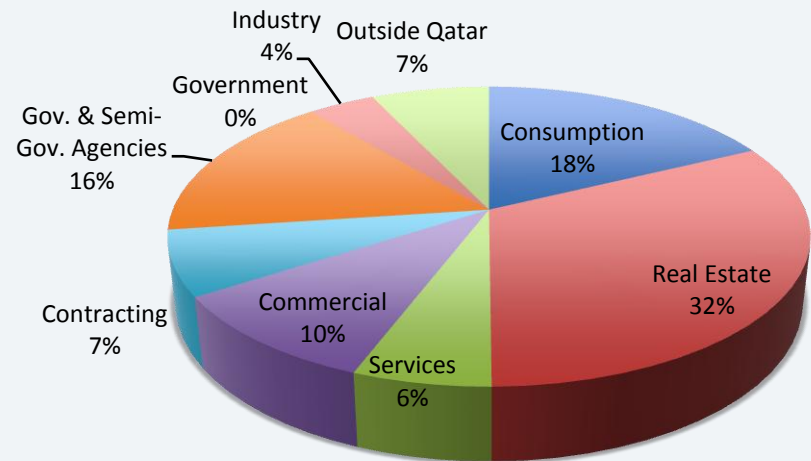
Loan book breakdown by division – 31 March 2012



Qatari banks credit facilities breakdown by sector



Loan book breakdown by sector – 31 March 2012



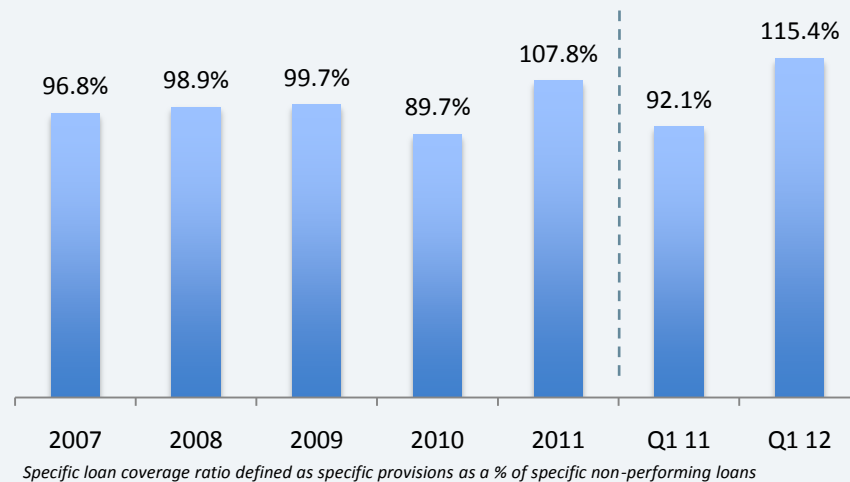
Source: QCB as at 31 March 2012

Asset Quality – 31 March 2012

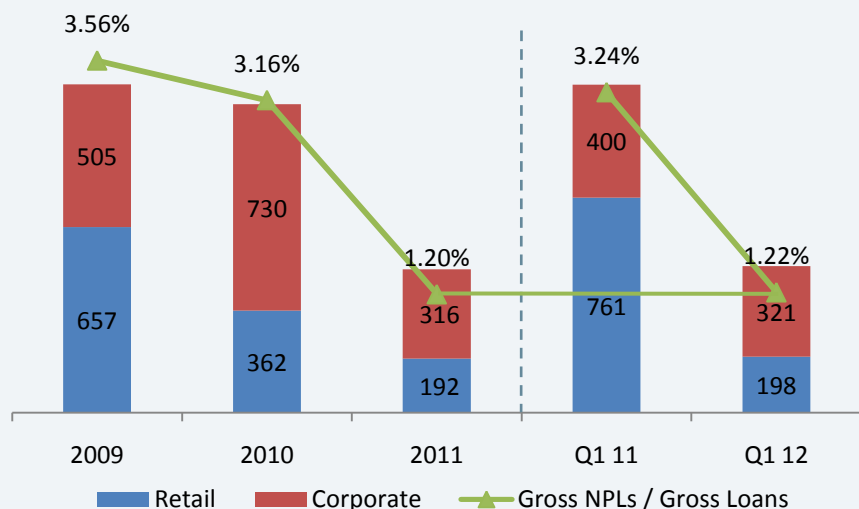
Summary

- ◆ Provision for loan loss was QR 45m at 03'12 v QR 53m at 03'11
 - ◆ Comprising QR 2m for Retail, and
 - ◆ QR 43m for Corporate Islamic
- ◆ NPL ratio increased slightly to 1.22% from 1.20% at 12'11, due to
 - ◆ Small increase in NPLs of QR 11m; partially offset by the
 - ◆ Growth in lending
- ◆ Specific loan coverage increased to 115%
- ◆ Risk reserve of QR 806m; total loan loss coverage of 271%

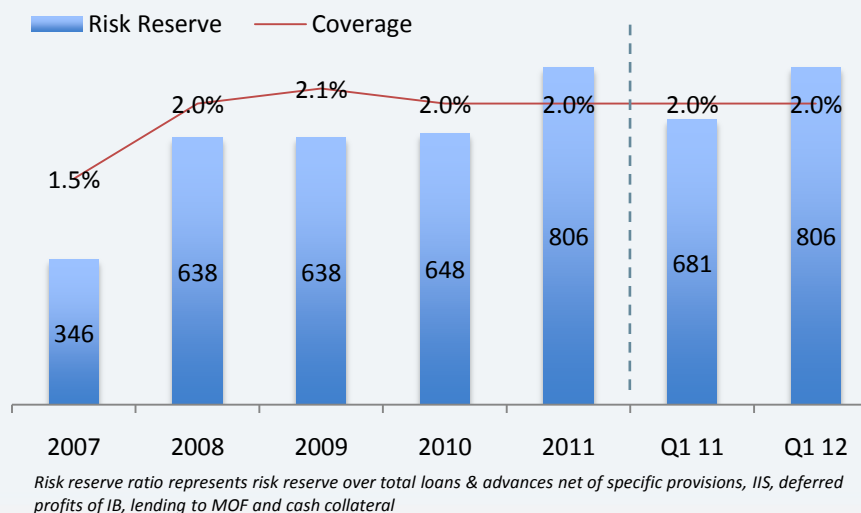
Specific loan coverage ratio



NPL ratio (90 day basis)



Risk reserve (QR million)

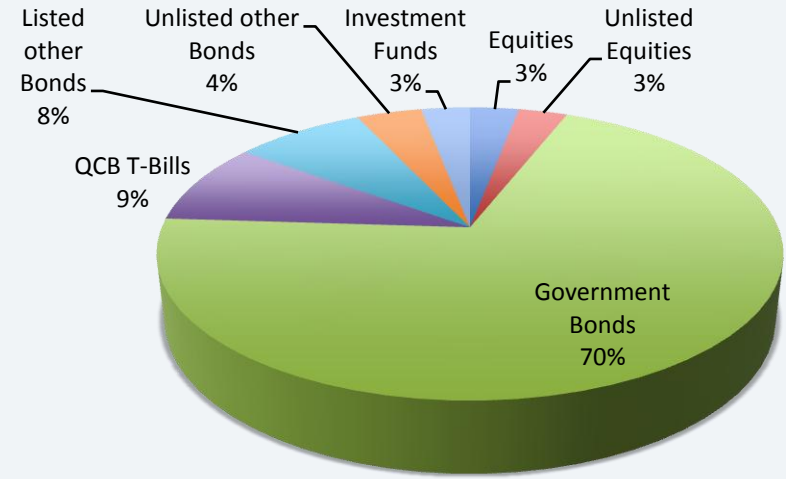


Investment Portfolio – 31 March 2012

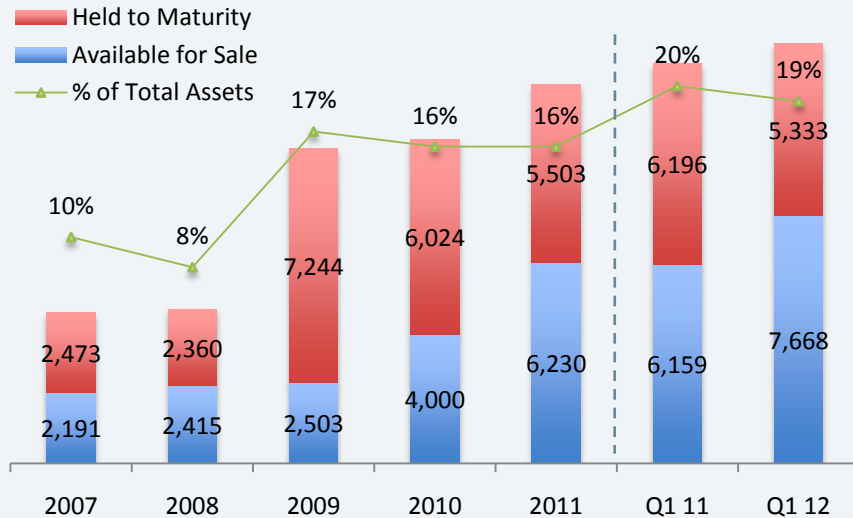
Summary

- ◆ Investment portfolio up 11% to QR 13.0bn v 12'11
 - ◆ Qatar Government bonds up QR 1.0bn v 12'11
 - ◆ Investments in regional fixed income bonds
- ◆ 79% Government bonds and QCB T-Bills
- ◆ Investment provisions decreased to QR 6m v QR 23m at 03'11
- ◆ Investment gains realised of QR 17m v QR 47m at 03'11
- ◆ Dividend income of QR 9m

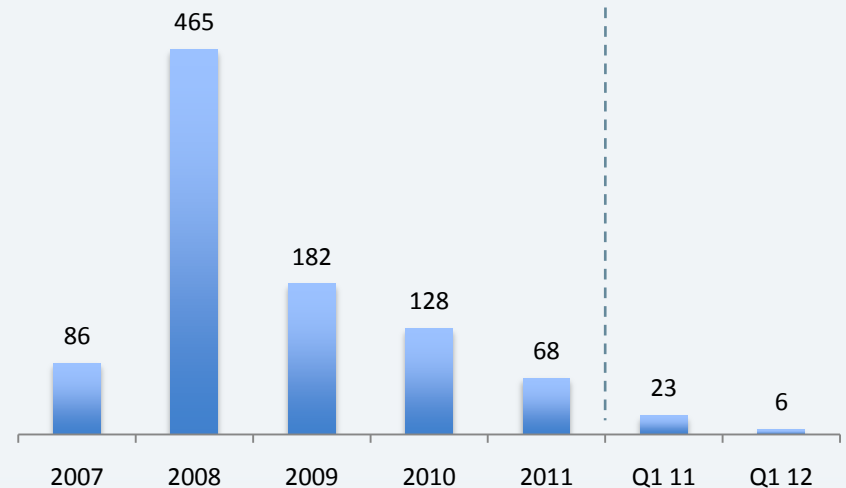
Investment portfolio - 31 March 2012



Investment portfolio evolution (QR million)



Investment portfolio provisions (QR million)



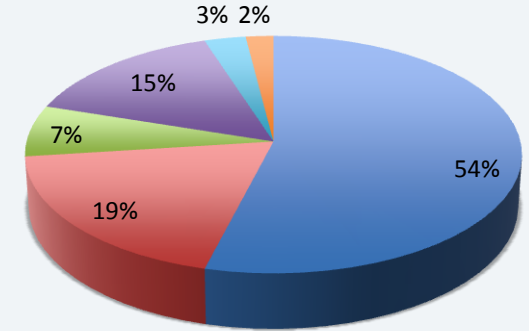
Funding Breakdown – 31 March 2012

Summary

- ◆ Customers' deposits were QR 37.9bn, up 25% v 03'11
- ◆ Well diversified funding mix with total deposits representing 54%
- ◆ Debt funding is 15% of funding mix
- ◆ Shareholders' equity represents 19% of funding mix
- ◆ USD 650m syndicated loan repaid on 28 February 2012
- ◆ USD 455m club loan arrangement closed in Q112
- ◆ Key liquidity ratios maintained well above levels set out by QCB
- ◆ Moody's reaffirmed their ratings in March 2012

Total funding mix – 31 March 2012

- Customers' Deposits
- Total Shareholders' Equity
- Due to Banks and Financial Institutions
- Other Borrowed Funds
- Borrowing Under Repurchase Agreement
- Other Liabilities



Debt issued and other borrowed funds

QR Million	Q112	Q111
Syndicated Loan (Floating Rate due Feb 2012)	-	2,364
Senior Note (Fixed Rate due Nov 2014)	3,617	3,609
Swiss Franc note (Fixed Rate due Dec 2015)	1,115	1,072
Subordinated Note (Fixed Rate due Nov 2019)	2,154	2,151
Bilateral/club loans	3,468	-
Total	10,354	11,015

Commercialbank credit ratings

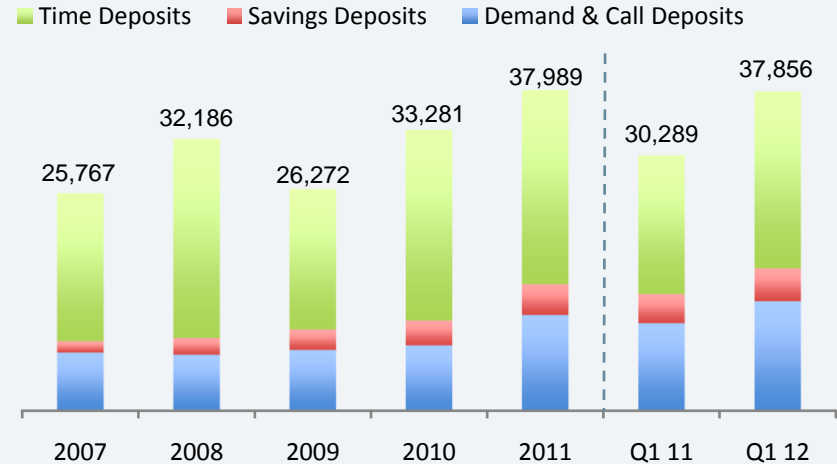
Rating Agency	Foreign Currency Bank Deposits/IDR		Bank Financial Strength/ Individual	Outlook	Date
	LT	ST			
Moody's	A1	Prime 1	C-	Stable	Mar 12
Fitch	A	F1	C	Stable	May 11
S&P	A-	A-2	-	Stable	Dec 11

Deposits Breakdown – 31 March 2012

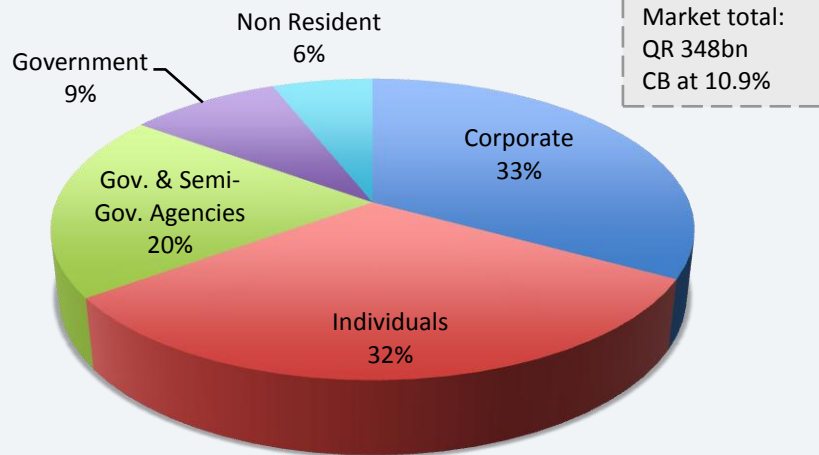
Summary

- Customers' deposits increased by 25% to QR 37.9bn v 03'11; down slightly v 12'11
 - Demand and call up QR 1.6bn to QR 13.0bn
 - Savings up QR 0.3bn to QR 3.9bn
 - Reduction in time deposits of QR 2.0bn to QR 21.0bn
- Leveraging strong customer relationships, Corporate customers provide 42% of deposits
 - Government and Semi-Government at 28% and Personal at 30%

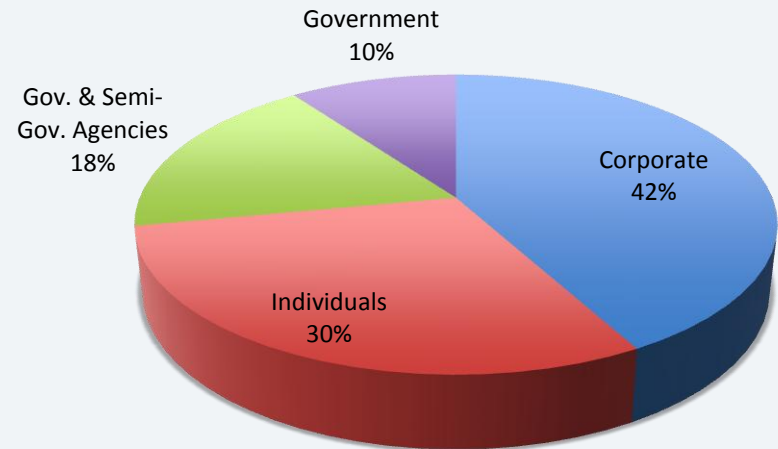
Customers' deposits (QR million) – 31 March 2012



Qatari banks deposits breakdown by sector



Deposits by customer type – 31 March 2012



Source: QCB as at 31 March 2012

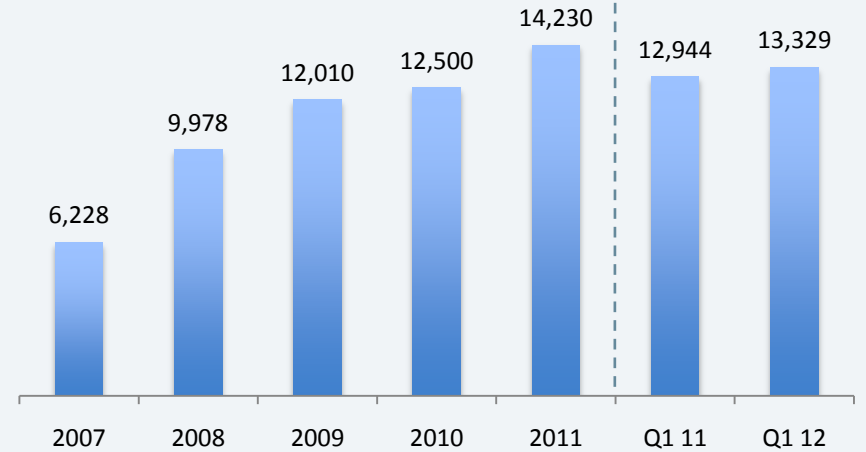
Corporate and Individuals includes unrestricted investment accounts

Strong Capitalisation – 31 March 2012

Summary

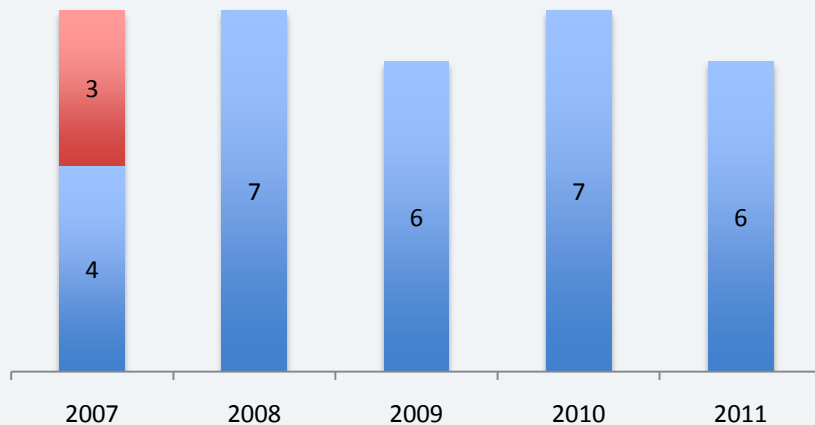
- ◆ Total shareholders' equity at QR 13.3bn, down QR 0.9bn from end December 2011, due to
 - ◆ Dividend payment of QR 1.5bn – QR 6 per share partially offset by
 - ◆ First quarter profit of QR 0.5bn
 - ◆ Change in Fair Value reserve of QR 0.1bn
- ◆ Total capital adequacy ratio at 18.3%
- ◆ Tier 1 ratio at 16.5%

Shareholders' equity (QR million)



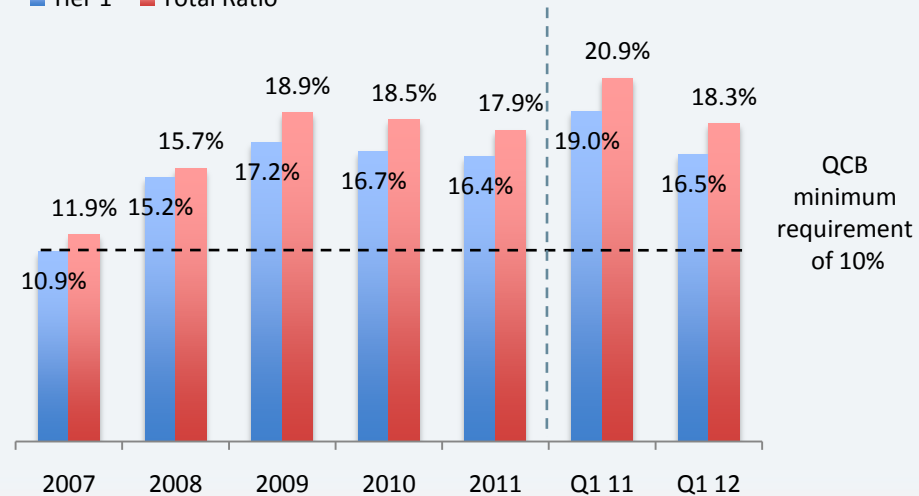
Dividend distribution per share (QR)

■ Bonus shares ■ Cash dividend



Capital Adequacy Ratio

■ Tier 1 ■ Total Ratio



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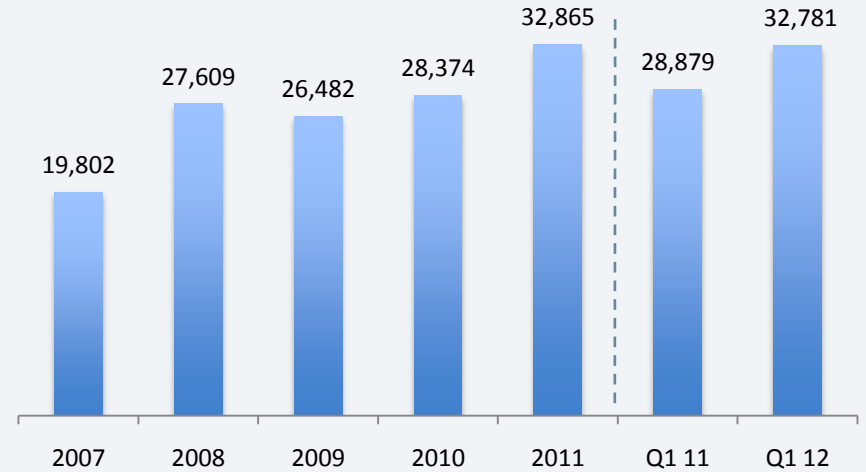
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Divisional Performance – Quarter ended 31 March 2012

Corporate

- ◆ Net operating income was QR 485m v QR 495m in Q111
 - ◆ Net interest income was QR 356m, down slightly from Q111
 - ◆ Other income down QR 2m to QR 129m
- ◆ Loan loss provisions of QR 43m
- ◆ Loans and advances to customers increased to QR 32.8bn v 03'11
- ◆ Customers' deposits at QR 26.5bn, up from QR 19.7bn at 03'11

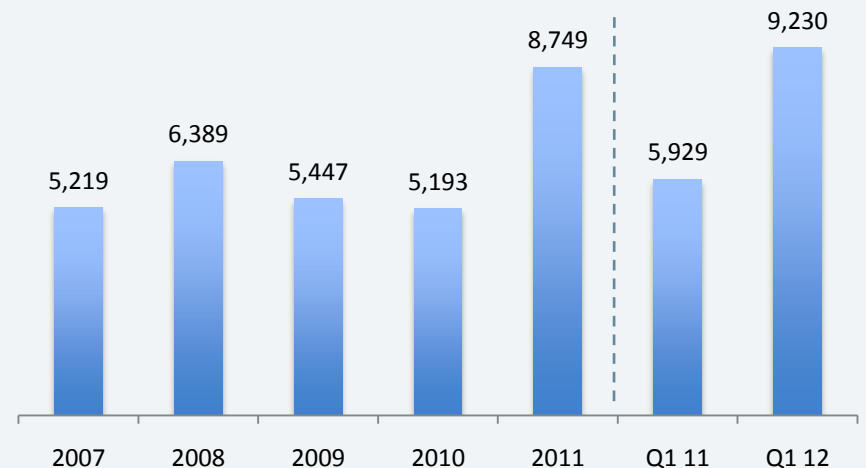
Corporate loan book (QR million)



Retail

- ◆ Net operating income was QR 187m v QR 184m in Q111
 - ◆ Net interest income up to QR 123m from QR 82m in Q111
 - ◆ Other income down QR 38m to QR 64m
- ◆ Loan loss provisions of QR 2m v QR 13m in Q111
- ◆ Loans and advances to customers were QR 9.2bn v QR 5.9bn at 03'11
- ◆ Customers' deposits up 7% to QR 11.4bn v 03'11
- ◆ Retail network at 27 branches and 157 ATMs

Retail loan book (QR million)

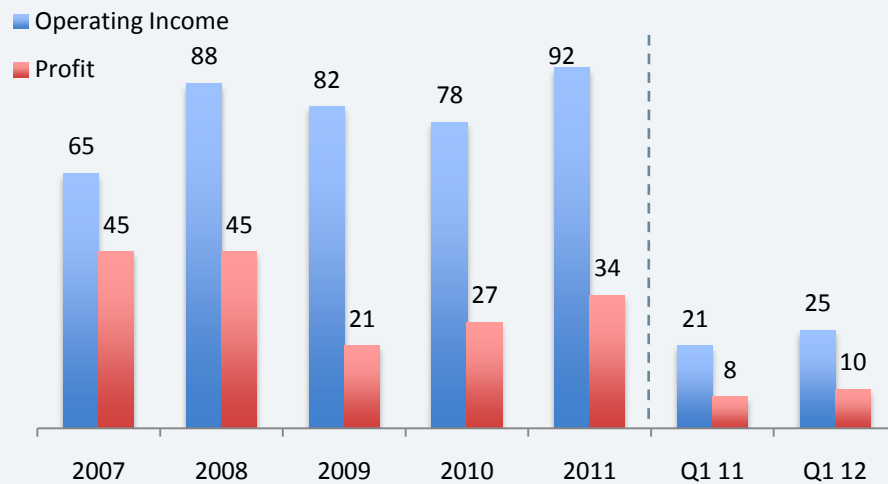


Associates' Performance – Quarter ended 31 March 2012

National Bank of Oman (NBO)

- ◆ Net profit after tax up 24% to RO 9.6m v RO 7.7m in Q111
- ◆ Operating income up 18% to RO 24.7m v Q111
 - ◆ Net interest income increased RO 2.8m to RO 16.2m
 - ◆ Non-interest income grew RO 0.9m to RO 8.6m
- ◆ Net provisions were up by RO 0.9m to RO 2.6m, mainly due to higher impairments against investments
- ◆ Loan book grew 27% to RO 1.8bn v 03'11
- ◆ Customers' deposits up 27% to RO 1.7bn

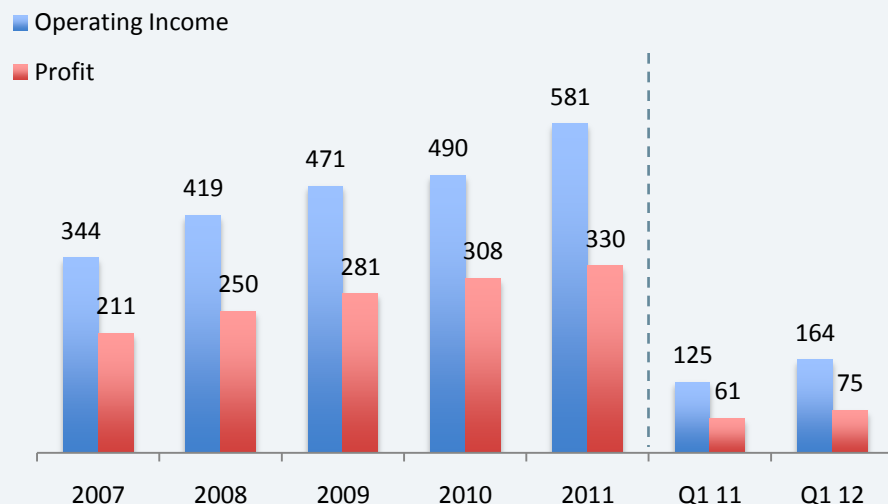
NBO performance (RO million)



United Arab Bank (UAB)

- ◆ Record net profit of AED 75m, up 23%, from AED 61m in Q111
- ◆ Net operating income up 31% to AED 164m v AED 125m in Q111
 - ◆ Net interest income up 38% to AED 122m
 - ◆ Non-interest income up 15% to AED 42m
- ◆ Provisions for loan losses increased to AED 37m
- ◆ Loan book grew 55%, AED 3.2bn, to AED 9.0bn
- ◆ Customers' deposits up 52% to AED 7.9bn

UAB performance (AED million)



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Outlook

Summary

First Quarter 2012

- ◆ Positive start to the year
- ◆ Continued delivery of our strategy
- ◆ Proactive balance sheet management
- ◆ Strong asset quality

Strategy into Action

- ◆ Alliance banks delivering strong financial performance
- ◆ Diversification of funding sources
- ◆ Good progress with outsourcing

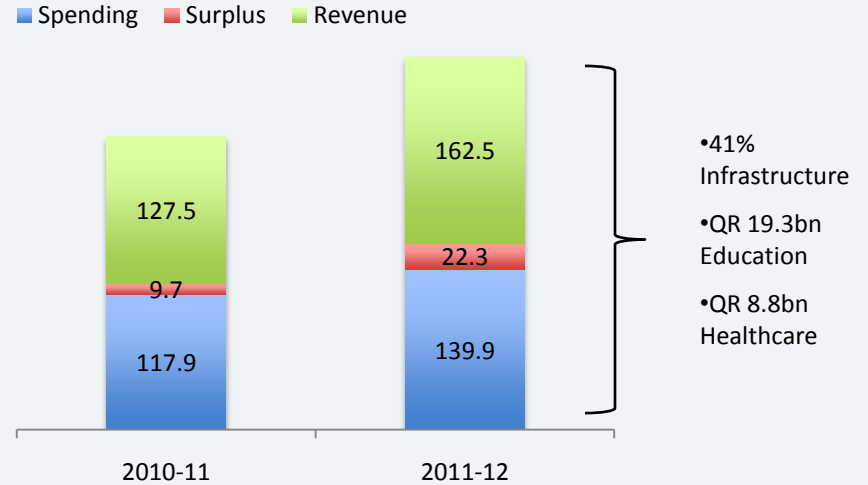
Economy and Opportunities

- ◆ Subdued demand for borrowing in Q1
- ◆ Tightening domestic liquidity
- ◆ Outlook remains positive
- ◆ Budget to be announced in June

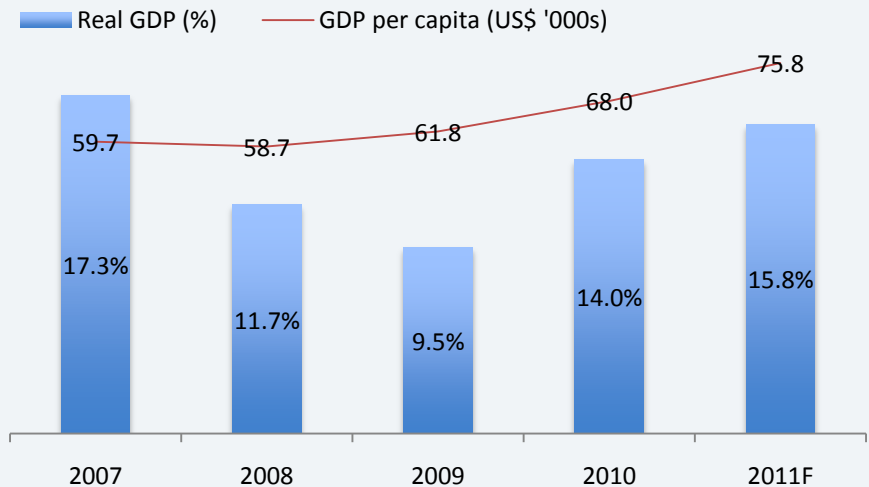
Outlook

- ◆ Well positioned to capture new market opportunities
- ◆ Maintain focus on balance sheet management, asset quality and risk management
- ◆ Deliver long term value to shareholders and to customers

State of Qatar 2011 – 2012 budget (QR billion)



Qatar GDP growth



Source: EIU Report